

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE KENTUCKY DEPARTMENT OF EDUCATION**

Southside Christian Day Care – 056-307-999-PC

**For The Federal Fiscal Year Ended
September 30, 2010**



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Independent Accountant's Report
On Agreed-Upon Procedures

We have performed the procedures below, which were agreed to by the Kentucky Department of Education's Division of Nutrition and Health Services (KDE), solely to assist KDE in evaluating the reasonableness of claims submitted for reimbursement under the Child and Adult Care Food Program (CACFP) for the federal fiscal year ended September 30, 2010, with respect to Southside Christian Day Care (Sponsor).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures associated with the engagement are as follows:

1. We confirmed the number of participants reported by Southside Christian Day Care on the monthly Reports and Claims for Reimbursements submitted during the engagement period for each classification (free, reduced, or paid) through a review of the daily attendance records, master rosters, income applications, and enrollment forms. Our procedures covered the months of October 2009 - March 2010.
2. We verified the number of meals served as reported on the monthly Reports and Claims for Reimbursements and determined whether the correct basic meal components were served through a review of the menus and Record of Meals Served forms. Our procedures covered the months of October 2009 - March 2010.

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3. We verified the allowability and validity of the program operating and administrative costs, as reported on the Reports and Claims for Reimbursements, by tracing to supporting documentation for the months of October 2009 - March 2010. We also determined that total operating and administrative costs claimed for each month reviewed exceeded the actual reimbursements received.
4. We verified the 25 percent low-income enrollment requirement for eligibility in the food program by comparing the audited number of participants reported in the free and reduced meal classification to the audited attendance counts for the months of October 2009 - March 2010.
5. We verified a sufficient amount of milk was purchased based on the number of meals in which milk was served for the months of October 2009 - March 2010.

Our findings are presented below and in the accompanying Schedule of Reimbursements.

Attendance and Classification

We found 3 participants who were in attendance and not on the master roster. We found 81 participants on the master roster, but not in attendance. We found 1 participant whose name was repeated on the master roster. We found 10 participants that were missing an Enrollment Form. We found 24 errors in the classification of participants in the free, reduced, and paid meal categories for the period reviewed. The following is a breakdown of attendance and classification errors by month:

October 2009:

- 2 children, 1 from site #3 and 1 from site #8, were reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 3 children classified as free, 2 from site #4 and 1 from site #17 were disallowed due to missing enrollment forms
- 16 children, 1 classified as free from site #1, 1 classified as free from site #3, 1 classified as free from site #4, , 3 classified as free from site #5, 7 classified as paid from site #6, and 2 classified as free and 1 classified as reduced from site #17 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for October.

November 2009:

- 2 children, 1 from site #3 and 1 from site #8, were reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 3 participants classified as free, 2 from site 2 and 1 from site 6 were disallowed due to missing enrollment forms.

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- 29 children, 15 classified as free, 1 from site #1, 2 from site 2, 2 from site #3, 2 from site #4, 2 from site 12, 5 from site 17, and 1 from site 18; 2 classified as reduced from site 10; and 12 classified as paid, 8 from site 6, 1 from site 10, 1 from site 17, and 2 from site 18 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for November.
- 1 participant classified as free was repeated on the master roster. The duplicate name was removed.

December 2009:

- 2 children, 1 from site #3 and 1 from site #8, were reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 2 children from site #18 were reclassified from paid to free.
- 1 child classified as paid from site 2 was disallowed due to a missing enrollment form.
- 34 children, 24 classified as free, 1 from site #1, 1 from site 2, 4 from site #3, 2 from site #5, 6 from site #6, 1 from site #8, 1 from site #10, 2 from site 13, 5 from site 17, and 1 from site 18; 2 classified as reduced, 1 from site #5 and 1 from site #8; and 8 classified as paid, 7 from site #6 and 1 from site 13 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for December.

January 2010:

- 2 children, 1 from site #3 and 1 from site #8, were reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 2 children from site #18 were reclassified from paid to free.
- 1 child classified as free from site 2 was disallowed due to a missing enrollment form.
- 38 participants, 27 classified as free, 2 from site #1, 2 from site 2, 1 from site #3, 3 from site #4, 5 from site #6, 2 from site #8, 3 from site #10, 1 from site 13, 7 from site 17, and 1 from site 18; 2 classified as reduced, 1 from site #8 and 1 from site #17; and 9 classified as paid, 1 from site #3, 3 from site #6, 1 from site #10, 1 from site #12, 1 from site #13 and 2 from site 18 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for January.

February 2010:

- 2 children, 1 from site #3 and 1 from site #8, were reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 1 child from site #18 was reclassified from paid to free.

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- 1 child classified as free from site 2 was disallowed due to a missing enrollment form.
- 3 children, 2 classified as free, 1 from site #10 and 1 from site #13 and 1 classified as paid from site #2 were in attendance, but not on the master roster. These participants were added for February.
- 44 children, 36 classified as free, 2 from site #1, 6 from site 2, 3 from site #3, 2 from site #4, 11 from site #5, 2 from site #8, 9 from site 17, and 1 from site 18; 1 classified as reduced from site #5; and 7 classified as paid, 3 from site #6, 1 from site #8, 1 from site #13, 1 from site #17, and 1 from site 18 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for February.

March 2010:

- 1 child from site #8 was reclassified from reduced to paid.
- 1 child from site #3 was reclassified from reduced to free.
- 1 child from site #4 was reclassified from paid to free.
- 1 child from site #6 was reclassified from free to paid.
- 1 child classified as paid from site 12 was disallowed due to a missing enrollment form.
- 5 children, 4 classified as free, 2 from site #8, 1 from site 13, and 1 from site 17 and 1 classified as reduced from site #5 were counted in attendance on the master roster but were not in attendance for the month. These participants were disallowed for March.

We adjusted the categories in the table below to reflect the correction of the attendance and classification errors for each month.

Fiscal Year 2010

	Free		Reduced		Paid	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	623	613	72	68	107	102
November	637	619	74	69	113	103
December	631	610	68	63	120	111
January	631	606	73	68	131	122
February	610	577	57	53	134	129
March	640	637	79	76	131	131

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Meal Counts and Components

We disallowed the following:

- 726 meals due to menu and production record errors.
- 202 meals due to missing enrollment forms.
- 86 meals due to meals exceeding attendance.

We adjusted the meal counts in the table below to reflect the correction of these errors.

Fiscal Year 2010						
	Breakfast		Lunch		PM Snack	
	Claimed	Audited	Claimed	Audited	Claimed	Audited
October	10138	10034	9628	9606	13053	13038
November	8940	8865	8609	8581	11569	11510
December	9380	9219	9817	9714	12324	12190
January	8364	8311	8156	8129	10954	10937
February	7501	7477	7226	7212	9901	9871
March	9852	9780	9518	9476	12937	12903

Allowable Operation And Administrative Costs

Operating and administrative costs reported by the Sponsor were found to be adequately supported by documentation for the months reviewed with exceptions. The exceptions did not affect the Sponsor's ability to show operating costs in excess of reimbursements received for the months of October 2009 through March 2010. However, the review did show that the Sponsor did not spend 50 percent of the received reimbursement on food for the months of December 2009, February 2010, and March 2010. However, the Sponsor did spend more than 50 percent of the received reimbursement on food for the whole year.

Low Income Requirement

The Sponsor's sites met the 25 percent low-income requirements for all months reviewed and based on those findings was considered eligible for participation in the CACFP Program for the engagement year.

Milk Purchased

The amount of milk purchased by Sponsor for all sites reviewed for October 2009 through March 2010 was adequate to serve the number of meals reported on the record of meals served.

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The results of our findings are presented in the accompanying Schedule of Reimbursements. The “Reimbursements Received” column lists the amounts the Sponsor actually received from KDE under the CACFP Program for the related months. The “Reimbursement per Review” lists the amounts the Sponsor was entitled to receive each month based on the auditor’s review of attendance, meal counts and components, operating and administrative costs, and low-income requirements as described in the procedures above.

Because the above procedures do not constitute audits conducted in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Reimbursements. This report relates only to the test areas specified above and does not extend to any financial statements of Southside Christian Day Care taken as a whole.

We were not engaged to, and did not, conduct an audit, the objectives of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Kentucky Department of Education and the CACFP Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

September 9, 2011

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**Southside Christian Day Care
Schedule of Reimbursements
Child and Adult Care Food Program
For The Period October 1, 2009 through September 30, 2010**

Month	Reimbursements per Review		Reimbursements Received	Amount Due To/(From) Sponsor
October	\$45,137.00		\$45,160.00	(\$23.00)
November	\$40,107.00		\$40,013.00	\$94.00
December	\$43,430.00		\$43,729.00	(\$299.00)
January	\$37,065.00		\$37,053.00	\$12.00
February	\$32,696.00		\$32,856.00	(\$160.00)
March	\$43,274.00		\$43,502.00	(228.00)
April	\$48,001.00	*	\$48,001.00	\$0.00
May	\$43,696.00	*	\$43,696.00	\$0.00
June	\$50,750.00	*	\$50,750.00	\$0.00
July	\$49,536.00	*	\$49,536.00	\$0.00
August	\$49,954.00	*	\$49,954.00	\$0.00
September	\$44,553.00	*	\$44,553.00	\$0.00
Totals	\$528,199.00		\$528,803.00	(\$604.00)

*Numbers not Reviewed

